

2021 Regular Session

SENATE BILL NO. 240

BY SENATOR LUNEAU

TAX/TAXATION. Limits the utilization of income and corporation franchise tax credits to total tax liability. (gov sig)

1 AN ACT

2 To enact R.S. 47:1675(K), relative to the utilization of income and corporation tax credits;  
3 to provide that the total corporation income and franchise tax credits claimed in a tax  
4 year cannot exceed the corporation's tax liability for the tax year; to provide that the  
5 total amount of certain business-related individual income tax credits cannot exceed  
6 the taxpayer's individual income tax liability for the tax year; to limit refundability  
7 of refundable credits; to provide for effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:1675(K) is hereby enacted to read as follows:

10 §1675. General administrative provisions for credits against income and corporation  
11 franchise tax

12 \* \* \*

13 **K. Limitation on the utilization of income and corporation franchise tax**  
14 **credits**

15 **(1) For all taxable years beginning on or after January 1, 2022,**  
16 **notwithstanding any provision of law to the contrary including contrary**  
17 **provisions in applicable tax credit statutes, total tax credits allowed pursuant**

1 to this Chapter shall not exceed the total corporation income and corporation  
 2 franchise tax liability of any taxpayer required to file a corporate income or  
 3 franchise tax return. If the total amount of applicable tax credits authorized  
 4 pursuant to this Chapter exceeds the amount of tax liability for the tax year, the  
 5 excess credits shall not be refundable.

6 (2) For all taxable years beginning on or after January 1, 2022,  
 7 notwithstanding any provision of law to the contrary including contrary  
 8 provisions in applicable tax credit statutes, total tax credits allowed pursuant  
 9 to Subtitle VIII of this Title, other than the credit provided for in R.S. 47:6104,  
 10 shall not exceed the total individual income tax liability of any taxpayer  
 11 required to file an individual income tax return. If the total amount of  
 12 applicable tax credits authorized pursuant to Subtitle VIII of this Title exceeds  
 13 the amount of tax liability for the tax year, the excess credits shall not be  
 14 refundable, other than the credit provided for in R.S. 47:6104.

15 (3) Tax credits that are in excess of the taxpayer's tax liability for a  
 16 taxable year that would be refundable but for the provisions of this Subsection  
 17 may be carried forward as a credit against subsequent Louisiana income or  
 18 corporation franchise tax liability for a period not to exceed five years.

19 Section 2. This Act shall become effective upon signature by the governor or, if not  
 20 signed by the governor, upon expiration of the time for bills to become law without signature  
 21 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 22 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 23 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Leonore Heavey.

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SB 240 Original

DIGEST  
2021 Regular Session

Luneau

Present law authorizes a variety of tax credits that can be utilized to reduce income and corporation franchise tax due dollar for dollar and further provides that for a limited number of these credits that any tax credit balance in excess of the current year's tax liability shall be refunded to the taxpayer.

Proposed law provides that the total tax credits available to a corporate taxpayer shall not reduce the taxpayer's corporate income and corporate franchise tax liability below zero and any excess credit shall not be refundable even if the statute creating the credit provides for refundability.

Proposed law provides that the total business tax credits available to an individual taxpayer shall not reduce the taxpayer's individual tax liability below zero and any excess credit shall not be refundable even if the statute creating the credit provides for refundability, except for the School Readiness child care expense tax credit.

Proposed law authorizes credits that would be refundable but for the provisions of proposed law to be carried forward to be used against subsequent tax liability for up to five years.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:1675(K))